

FISCAL NOTE

SB 2638 - HB 2773

March 20, 2006

SUMMARY OF BILL: Amends the "Government Tort Liability Act (GTLA);" increases the minimum limits of liability for bodily injury or death from \$300,000 to \$1,000,000 per person and from \$700,000 to \$2,200,000 for all persons per accident; adds an escalator clause for such amounts to be adjusted annually based on the percentage change in the average Consumer Price Index (CPI) beginning in 2008; and requires the Comptroller of the Treasury to post the annual adjustments on the State of Tennessee's website.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures – Exceeds \$15,000,000*

Assumptions:

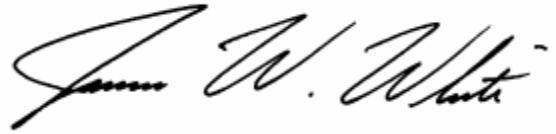
- There will be an increase in annual insurance premiums due to liability limit increases (TML Risk Management Pool - General Liability, Law Enforcement Liability, Automobile Liability, Errors or Omissions Liability, and Employers Liability).
- There will be an increase in cost of reinsurance, judgment dollar amounts will be higher, more lawsuits will be filed, and legal costs for local governments to defend suits will increase.
- The State is not subject to the GTLA and there will be no fiscal impact on the State Risk Management Fund.
- The Comptroller of the Treasury will not require any additional personnel or resources to post the annual adjustments on the State's website.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director